

FRAMEWORK AGREEMENT  
BETWEEN THE UNITED STATES OF AMERICA  
AND  
THE PALESTINIAN AUTHORITY

DATED AUGUST 2, 2007

**1. ASSISTANCE**

This Framework Agreement is entered into by the United States of America, acting through the Department of State, and the Palestinian Authority, acting through Ministry of Finance ("the Parties"). The purpose of this Agreement is to provide assistance to the Palestinian Authority to promote law and order by strengthening and reforming its security sector. The Department of State intends to provide assistance to the Palestinian Authority under the terms of this Agreement in an amount not to exceed 80 Million United States Dollars (\$80,000,000) ("Assistance").

**2. USE OF ASSISTANCE**

The Assistance will be used to promote law and order by supporting the security sector through training and non-lethal equipment. The Assistance will be obligated in amounts specified in individual Implementation Letters issued by the Department of State in accordance with Article 6.

**3. DISBURSEMENT**

Upon satisfaction of the conditions precedent set forth in Article 4, the Department of State will disburse the Assistance, or portions thereof, to the Palestinian Authority for deposit in the bank account described in Article 5.1.

**4. CONDITIONS PRECEDENT TO DISBURSEMENT OF ASSISTANCE**

4.1. Prior to the disbursement of any Assistance, the Department of State will issue an Implementation Letter in accordance with Article 6 for each project agreed upon by the parties that sets forth the specific terms and conditions applicable to each project.

4.2. Prior to the disbursement of Assistance, the Palestinian Authority will, except as the Department of State and the Palestinian Authority may otherwise agree in writing, furnish to the Department of State, in form and in substance satisfactory to the Department of State, the following:

- (a) A statement of the names of the persons holding the offices specified in Article 7.2, and of any additional representatives, together with a specimen signature of each person so designated.

- (b) Evidence that the Palestinian Authority has established a separate sub-account of the Single Treasury Account as described in Article 5, including the name and address of the bank, the name and number of the sub-account, the names and titles of officials authorized to make withdrawals, a statement of the means by which funds will be withdrawn from the sub-account, and a statement that this bank account is established and will be maintained in the manner required by Article 5.1.
- (c) A copy of a letter to the bank, at which the sub-account into which the Assistance will be provided, authorizing the Department of State access to information essential to monitoring the terms of this Agreement.
- (d) A statement that the Palestinian Authority will take all possible measures to ensure that none of the Assistance will be furnished to any individual or organization that (i) advocates, plans, sponsors, engages in, or has engaged in terrorism; (ii) engages in or has engaged in gross violation of internationally recognized human rights; (iii) engages in or has engaged in or colluded with others in the illicit manufacturing or trafficking of narcotics; or (iv) that none of the Assistance will be used for ineligible uses as may be outlined in a subsequent Implementation Letter.

## **5. TERMS AND CONDITIONS**

### **5.1. Establishment of Bank Sub-Account.**

(a) The Palestinian Authority agrees to establish a separate sub-account of the Single Treasury Account in a bank of its choosing acceptable to the Department of State for the deposit of the Assistance, and shall not commingle the Assistance funds with funds from any other source. Except as the Department of State otherwise agrees in writing, the Palestinian Authority agrees to use the Assistance exclusively for the purposes set forth in Article 2 and will withdraw funds only in accordance with procedures mutually agreed upon through Implementation Letters.

(b) The Palestinian Authority agrees that any interest earned on funds in the separate sub-account must be returned to the Department of State. The Department of State will issue an Implementation Letter to provide instructions on effecting payment to the United States of any interest earned.

### **5.2. Accounting Books and Records.**

The Palestinian Authority shall maintain, or cause to be maintained, in accordance with generally accepted international accounting principles, documents in support of deposits to and expenditures from the sub-account in which the Assistance funds are held. Such documents shall be available for review and audit by the Department of State, or its



designees, at such times as the Department of State may request for up to three years following the last expenditure from the sub-account.

#### 5.3. Audits.

The Department of State retains the right to perform audits, conduct a financial review or otherwise ensure accountability of the expenditure and use of the Assistance funds in accordance with the audit procedures in the Implementation Letters.

#### 5.4. Reporting.

Except as the Department of State and the Palestinian Authority may agree in writing, the Palestinian Authority will provide the Department of State copies of monthly bank statements pertaining to the sub-account and quarterly reports on the uses of the Assistance funds and the status of the sub-account in which the Assistance funds are held. The requirement to provide monthly bank statements and quarterly reports will continue until the funds are fully expended for the purposes specified in Article 2. Each quarterly report shall include information on the status of all projects, programs, and activities funded by the Assistance.

#### 5.5. Refund of Assistance Funds.

(a) In the case of any disbursement of Assistance funds that is not supported by valid documentation in accordance with this Agreement, or which is not made or used in accordance with this Agreement or any Implementing Letters issued in accordance with Article 6, the Department of State may require the Palestinian Authority to refund the amount of such disbursement to the Department of State, or as the Department of State may direct in writing, within sixty (60) days after receipt of a request. The right to require a refund will continue, notwithstanding any other provision of this Agreement or any Implementation Letters, for three years from the date of the last disbursement under an Implementation Letter.

(b) The Department of State may otherwise request the return of any assistance funds that remain available for expenditure, and the Palestinian Authority shall return such Assistance funds within sixty days.

(c) Funds not expended by the Palestinian Authority as of the completion date specified in any Implementation Letter shall be refunded to the Department of State, except as the Department of State may otherwise agree in writing.

### **6. IMPLEMENTATION LETTERS**

The Department of State will issue Implementation Letters, each of which will be signed by the Palestinian Authority, and where applicable to specific projects, will serve to obligate amounts of Assistance funds specified therein. Each Implementation Letter will describe applicable procedures, or record agreement of the Department of State and the Palestinian Authority on details, concerning the implementation and authorization of

disbursement of such Assistance. Such Implementation Letters will include provisions addressing end use, security and retransfer requirements, appropriate procedures to determine eligibility of individuals or organizations for project activities, and performance measures.

## 7. ADDITIONAL TERMS

### 7.1 Consultation.

The Parties will cooperate to ensure that the purposes of this Agreement are accomplished. To this end, the Department of State and the Palestinian Authority, at the request of either, will exchange views of the progress of the Agreement and any other matter relating to the Agreement.

### 7.2. Representatives.

(a) The Palestinian Authority will be represented by the individual holding the office or acting in the capacity of the Minister of Finance and the Department of State will be represented by the individual holding the office or acting the capacity of the Consul General, each of whom, by written note, may designate additional representatives for all purposes.

(b) The names of the representatives of the Palestinian Authority, with specimen signatures, will be provided to the Department of State, which may accept as duly authorized any instrument signed by such representatives in implementation of this Agreement, until receipt of written notice of revocation of their authority.

### 7.3. Communications.

Any notice, request, document, or other communication submitted by either the Palestinian Authority or the Department of State to the other under this Agreement will be transmitted by hand delivery or mail, or by fax followed by hand delivery or mail in case of urgency, and will be deemed duly given or sent when delivered at the following addresses, as applicable:

To the Palestinian Authority:

Palestinian Authority  
Ramallah, West Bank  
Tel: 972-2-2978846  
Fax: 972-2-2978845

To the Department of State:

c/o Consulate General  
18 Argon Road, Jerusalem  
Tel: 972-2-622-7230  
Fax: 972-2-624-9462

All such communications will be in English, unless the Palestinian Authority and the Department of State otherwise agree in writing. Other addressees may be substituted for the above upon the giving of written notice.

IN WITNESS WHEREOF, the Department of State and the Palestinian Authority, each acting through its duly authorized representative, have caused this Agreement to be signed in their names and delivered as of the day and year first above written.

For:

THE UNITED STATES OF AMERICA

THE PALESTINIAN AUTHORITY

  
CONDOLEEZZA RICE

SECRETARY OF STATE

  
SALAM FAYYAD

PRIME MINISTER